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APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF BOLIVIA

IPF:(1992-96) $ 23 148 000

(BOL/92/003) - Consolidation of the National System of Public Investment

Date of approval by the AC:[1/]	24 June 1992
Expected duration:	20 months
Proposed executing agency:	UNDP/OPS
Government implementing agency:	Ministry of Planning & Coordination
Government cost sharing:	$1 995 500 Source of funds: IDB
Total UNDP budget:	$1 995 500

Project background

Public investment in Bolivia (US$420.5 million in 1991) represents approximately eight percent of the GNP and constitutes roughly 60 percent of all investment undertaken in the country. Of this investment 80 percent has its origins in external sources of financing. Ironically, however, public investment has in the past been plagued by three fundamental problems: (1) lack of coherence as a national program; (2) incongruence with national priorities; and (3) a poor/slow rate of investment execution. The latter was due primarily to the lack of central coordination and the absence of well formulated and viable investment projects. It is interesting to note that between 1975 and 1983 the rate of public investment actually declined from 25 percent of GNP to 6.5 percent of GNP.

In the mid 1980's the Government embarked on Structural Adjustment, stressing economic reactivation and the productive sector. In this context it became evident that the issue of public investment had to be tackled such that the available resources were not only effectively invested, but that the investments were in accordance with national objectives and complemented those of the private sector. The government public investment program was no longer to substitute and subsidize investments in the public enterprises, but was strictly to be directed to development of infrastructure and social services in support of productive sector investments. Such investments would include transport and communications, health, education, urbanization, water and sanitation.

It was at this juncture that the Government requested IDB financing and UNDP technical assistance. The assistance was requested for: (i) Assessment of the public investment situation; (ii) development of an informational data base (SISIN) including design and data collection fundamental to public investment management; and (iii) development and implementation of a Public Investment Management System (SNIP) at both the centralized and decentralized levels. The systems will enable national investment, prioritizing and

[1/] This Fact Sheet reflects the status of the project/revision at the time it was approved by the Action Committee; modifications to the project/revision may have occurred subsequently.

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execution on the basis of project identification, formulation, evaluation, budget programming, impact assessment and monitoring.

Description of project

The long-term objective of the project is to develop a more coherent program of public investment that is adjusted to the national priorities and policies. The immediate objective of the project is to implement the SNIP through five subsystems: Project Identification, Project prioritizing, Budget Programming, Measurement of Macroeconomic Impact, and Physical and Financial Monitoring Projects. These subsystems will have their basis in the computerized data base (SISIN) designed and set up under precursor phases (BOL/84/003 and BOL/88/009) of the project.

Project activities will include: (a) endowing the decentralized entities of the SNIP with the technical capacity for identification, formulation, evaluation, budgeting and monitoring of the individual programs of public investment; (b) conducting on-the-job training with the project consultants working at the decentralized levels and in-house seminars for decision-makers; (c) absorbing 10 percent of the staff of the project per annum as part of the regular civil service cadre of the appropriate centralized and decentralized entities; and (d) developing and integrating the Investment Information System (SISIN) with 1) the different systems that already operate in the Ministry of Planning; (2) the decentralized network already installed in the various ministries; and (3) the networks of the Regional Development Corporations, perfecting and actualizing its data base.

Inputs

UNDP will provide an international coordinator (12 work-months), a technical advisor (12 work-months), international consultants for identification and prioritizing of projects (six work-months), macroeconomic impacts and economic evaluation (nine work-months), project administration (10 work-months), information systems (three work-months), pre-investment (three work-months), ex-post evaluation of investments (three work-months), the environment (four work-months), short-term consultants (six work-months); a national coordinator for systems (18 work-months), sectorial experts (260 work-months), a finance advisor (20 work-months), national consultants for information systems (200 work-months), legal advisors (five work-months), consultants for investment programming and the environment (200 work-months); and a subcontract for the expansion and integration of the information system.

Financial data

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Personnel	1 428 800
Subcontract	108 000
Training	50 000
Equipment	125 000
Miscellaneous	283 700
Total	1 995 500

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